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THE REGIONAL MUNICIPALITY OF PEEL

AUDIT COMMITTEE

MINUTES

AC-2010-1

The Audit Committee met on Thursday, February 11, 2010, at 8:30 a.m. in the Council Chamber, Regional Administrative Headquarters, 10 Peel Centre Drive, Brampton.

Members Present: E. Kolb, C. Corbasson, G. Miles*, A. Thompson*, R. Whitehead

Absent: Nil

Also Present: Councillor McCallion; D. Szwarc, Chief Administrative Officer; N. Trim, Chief Financial Officer and Commissioner of Corporate Services; P. Wallis, Director, Internal Audit; C. Reid, Regional Clerk; H. West, Committee Clerk

Councillor Whitehead presided.

1. **DECLARATIONS OF CONFLICTS OF INTEREST - Nil**

2. **APPROVAL OF AGENDA**

RECOMMENDATION AC-1-2010:

That the agenda for the February 11, 2010, Audit Committee meeting be approved.

3. **DELEGATIONS/PRESENTATIONS**

- a) **Ron Foster, Chair, Government Relations Committee, Toronto Chapter, Institute of Internal Auditors**, Presenting the Quality Assessment Award to the Internal Audit Division

Received

Ron Foster, Chair, Government Relations Committee, Toronto Chapter, Institute of Internal Auditors (IIA) stated that the IIA is a global institute dedicated to promoting world wide standards and better internal audit practices. One of the IIA standards requires internal audit department to be externally quality assessed every five years. The assessment provides assurance to an organization, Audit Committee and

* See text for arrivals

◆ See text for departures

management that Internal Audit is meeting the standard of being an effective internal audit function. Recommendations are made to encourage continuous improvement so that Internal Audit can provide more value to their clients. Ron Foster presented a plaque to all Region of Peel Internal Audit staff and the Audit Committee to acknowledge the successful completion of an independent external quality assessment and improvement program for internal audit practices.

See also Reports – Item 4a and Communications – Item 5a

Regional Chair Kolb departed at 8:35 a.m.

4. REPORTS

A quorum of voting members was lost and in accordance with section III-4(g) of the Region of Peel Procedural By-law 57-2006, as amended, the Committee continued to receive information.

a) **Quality Assessment Review Results**

Received

Paul Wallis, Director, Internal Audit, referred to the Quality Assessment Review (QAR) report and noted that the recommendations for improvement that are being implemented. The independent validator indentified three key areas as opportunities for improvement. The following long term better practices were suggested::

- Risk Assessment and Audit Plans
- Continuous Auditing
- Reporting to the Executive Management Team and Audit Committee

See also Delegations/Presentations – Item 3a and Communications – Item 5a

Councillor Miles arrived at 8:37 a.m.

A quorum of voting members was achieved.

The Audit committee formalized receipt of the report previously received for information.

b) **2009 Disposal Report**

Received

c) **Internal Audit Division - 2009 Audit Plan Recap** Presentation by Paul Wallis, Director, Internal Audit

Received

Paul Wallis provided an overview of the final status of the 2009 Audit Plan including changes which were made during the year. Paul Wallis noted that the 2009 Plan, with the approved changes, was substantially completed.

Councillor Corbasson asked if the positive fiscal budget variance of approximately \$160,000 takes in the variances with respect to staff hours. Paul Wallis responded that the savings does consider staff hours, noting that Internal Audit was short one full-time employee during 2009. He noted that other areas of fiscal variance can be attributed to some audits which were started but not completed. In addition \$50,000 was budgeted for 2009 for a data security however the project did not start until January 2010 and therefore spending did not occur during 2009.

Regional Chair Kolb arrived at 8:40 a.m.

Councillor Thompson arrived at 8:42 a.m.

- d) **Internal Audit Division - 2010/2012 Risk Based Work Plan**
Presentation by Paul Wallis, Director of Internal Audit

RECOMMENDATION AC-2-2010

That the 2010/2012 Risk Based Work Plan as outlined in the report of the Director, Internal Audit, dated January 13, 2010, titled "Internal Audit Division – 2010/2012 Risk Based Work Plan" be approved.

Paul Wallis provided highlights regarding the 2010/2012 Audit Plan. The 2010 Plan will focus more on enterprise or corporate wide audits and advisory projects support a more holistic approach for the entire organization. Advisory projects support the foundations of accountability and governance including fraud related policy and risk management.

Councillor Whitehead indicated that the plan contained areas that were important to the Region and asked Paul Wallis to forward a copy of the subject report to Ron Kauffman, Deputy Chief Administrative Officer and Chief Financial Officer, Town of Caledon. He also indicated that the other municipalities may have an interest as the topics, such as stimulus funding may apply to them.

Regional Chair Kolb referred to risk management and how it has benefitted the Peel Police Services Board and police staff. He suggested that risk wellness, a program to monitor sick leave and absenteeism, be considered for the Regional Municipality of Peel. Paul Wallis responded that a review is currently underway for an enterprise risk management capacity review. A report will be forthcoming to the Audit Committee.

- e) **Internal Audit Division - Office of the Auditor General of Ontario, Report on Common Themes and Issues**
Presentation by Paul Wallis, Director, Internal Audit

Received

Paul Wallis stated that the Office of the Auditor General of Ontario, Reports on Themes and Issues provides an overview of themes and issues that will enable the region of Peel to proactively identify issues before they become problems. Paul Wallis indicated that this report will be tabled annually and could be a useful management tool to help manage emerging themes and risks for Regional programs and processes.

- f) **Internal Audit Division - 2009 Client Survey Results**
Presentation by Paul Wallis, Director, Internal Audit

Received

Paul Wallis stated that the Institute of Internal Auditors (IIA) independently conducted the client survey in 2009. The survey had a 61 per cent response rate with 82 per cent of respondents rated Internal Audit's services as either good or excellent. Paul Wallis indicated that the Region of Peel Internal Audit division performs above the global norm. Based on the survey results, he noted that the Region of Peel is weighted at 3.18 out of 4 whereas the global average (based on 369 organizations) is 3.06 out of 4. Paul Wallis reviewed the client survey statistical results and noted that he would like the survey to be conducted annually to determine the effectiveness of process improvements.

5. COMMUNICATIONS

- a) **Thomas Mock, CIA, Director, Quality, The Institute of Internal Auditors**, Letter dated January 11, 2010, Recognizing the Completion of Independent External Quality Assessment for 2009

Received

See also Delegations/Presentations – Item 3a and Reports – Item 4a

6. IN CAMERA MATTERS - Nil

7. OTHER BUSINESS – Nil.

8. NEXT MEETING

The next meeting of the Audit Committee is scheduled for April 22, 2010 at 8:30 a.m., Regional Administrative Headquarters, Council Chamber, 5th floor, 10 Peel Centre Drive, Suite A, Brampton, ON.

Please forward regrets to Helena West, Committee Clerk, (905) 791-7800, extension 4697 or helena.west@peelregion.ca.

9. ADJOURNMENT

The meeting adjourned at 9:07 a.m.